



**DRAFT ORGANISATIONAL AND EMPLOYEE PERFORMANCE
MANAGEMENT POLICY**

2020/2021

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GLOSSARY OF TERMS

| Term | Definition |
|-------------------------------------|---|
| Assessment: | The measurement of data by means of a scoring process to assess if targets were reached. The term assessment is used within this policy as synonymous to review and appraisal. |
| Baseline: | Estimate current level or measure of a situation. |
| Core Competency Requirements (CCR): | Refer to behaviors and skills that are considered core to achieving the key performance areas and ultimately the strategic objectives and key performance areas of the Municipality. It is the culmination of a specific unique set of skills that provide a structured guide enabling the identification, evaluation and development of behaviors in individual employees. These include the values of the organization. |
| Dispute: | A disagreement that an employee has elected to resolve in terms of applicable legislation and collective agreements (i.e. the 'formal' dispute resolution procedure). |
| Employee: | A person employed by a Municipality. This includes all managers defined in Section 57(1) (a) (b) of the Municipal Systems Act, No 32 of 2000, employees in the full-time employment and fixed term contract employees in the employment of the City of Polokwane. |
| Employee Performance Management: | The human resource management process concerned with ensuring the best performance of individuals in an organization to ensure organizational performance. It involves an understanding of what needs to be achieved and then managing and developing people in a way that enables the achievement of Municipal objectives. |
| Individual Performance Scorecard: | A Performance Plan/ Scorecard reflects the performance expectations of an incumbent for a specific year and sets out the outcomes and outputs against which performance is expected together with the standard of delivery, reflected as targets. |
| Key Performance Area (KPA): | A broad area of performance for which the incumbent will be held responsible. It is one of the elements to be reflected in the Performance Scorecard. |
| Key Performance | Can essentially be described as the performance dimension that is considered key in measuring performance. KPIs refer to programmes, |

| Term | Definition |
|--|---|
| Indicator (KPI): | projects or tasks to be undertaken by an employee within a specific time period. It should be defined in respect of each KPA and should be seen as measurable outputs. |
| Logic Model | A logic model is a tool used to evaluate the effectiveness of a programme/ project. Logic models are usually a graphical depiction of the logical relationships between the resources, activities, outputs and outcomes of a programme/project. |
| Monitoring and Evaluation | Refers to processes of monitoring a program and evaluating the impact it has on the target population in order to assess the success and gaps in program implementation. |
| Organizational Performance Management: | Organizational performance management entails the development of priorities aligned to the Municipal strategy inclusive of the development of strategic goals (ultimate outcomes) strategic objectives (intermediate outcomes), strategies/interventions (direct outcomes), projects (outputs), activities/processes (ward plans), performance indicators, baselines and targets. It aims to define and direct performance at an organizational level towards achieving annual targets. |
| Performance Input: | Resource consumed in business activities and processes, such as money, labour, time, equipment, etc. - measures economy and efficiency. |
| Performance Management System: | According to S38 of Act 32 of 2000 a Performance Management System must be established by a Municipality to commensurate with its resources, best suited to its circumstances and is in line with the priorities, objectives (outcomes), indicators and targets contained in its Integrated Development Plan (IDP). Its design should direct the behavior of Municipal employees towards achieving the organization's mandate as stipulated in its IDP. |
| Performance Output: | A description of the level of activity or effort that will be provided over a period of time or by a specific date, including a description of the characteristics and attributes (e.g., timelines) established as standards in the course of conducting the activity or effort. |

| Term | Definition |
|-----------------------------------|---|
| Target: | Is a standard to which a KPI must be achieved and should be reflected in terms of measures such as time, quality and quantity. |
| Panel and 180-Degree Assessment: | Refers to a top-down and bottom-up appraisal and feedback system where the performance of an incumbent is assessed by him/herself and his/her peer/s and/or manager/s. |
| Performance Agreement: | Explains what the employee's responsibilities are in terms of the performance management system. |
| Personal Development Plan: | A plan that is developed to show what training and development activities are required for each employee. |
| Rating: | The classification or ranking of something based on a comparative assessment of the quality and standard of performance. |
| Results/Outcomes Based Management | Is a management approach by which an organization ensures that its processes, products and services contribute to the achievement of clearly stated articulated results/outcomes in its strategy. |
| Weighting | An indicator of the relative importance of a metric with respect to the other metrics within the same objective. |

SECTION A: ORGANIZATIONAL PERFORMANCE

1. INTRODUCTION

The 2001 Municipal Planning and Performance Management Regulations stipulates that a municipality's Performance Management System (PMS) must entail a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role- players.

In line with the said legal requirement this framework is a policy document that will set out the requirements that the Polokwane Municipality's PMS will need to fulfill, the principles that informed its development and subsequent implementation, the preferred performance model of the Municipality, the process by which the system will work, the delegation of responsibilities for different roles in the process and a plan for the implementation of the system.

2. THE LEGISLATIVE FRAMEWORK FOR PERFORMANCE MANAGEMENT

The major PMS policy instruments is the 1998 White Paper on Local Government supported by the Batho Pele principles, which policies was given legal stature through the adoption of the Municipal Systems Act in 2000 (Act 32 of 2000). The said Act requires all municipalities to:

- Develop a performance management system.
- Set targets and monitor and review the performance of the Municipality based on indicators linked to their Integrated Development Plan (IDP).
- Publish an annual performance report on performance of the Municipality forming part of its annual report as per the Municipal Finance Management Act (MFMA).
- Incorporate and report on a set of general (sometimes also referred to as national) indicators prescribed by the Minister responsible for local government
- Conduct, on a continuous basis, an internal audit of all performance measures
- Have their annual performance report audited by the Auditor-General
- Involve the community in setting indicators and targets and reviewing municipal performance.

The Minister responsible for local government published the Municipal Planning and Performance Management Regulations (2001) in terms of the Municipal Systems Act setting out in detail the requirements for a municipal PMS. The Regulations also contain the general indicators prescribed by the Minister responsible for local government. In 2006 the Minister published a further set of Regulations dealing with Performance Management for Municipal Managers and Managers Directly Accountable to Municipal Managers.

It is also important to note that the MFMA contains various important provisions related to municipal performance management. It requires municipalities to annually adopt a Service Delivery and Budget Implementation Plan (SDBIP) with service delivery targets and performance indicators. Whilst considering and approving the annual budget the Municipality must also set measurable performance targets for each revenue source and vote. The Municipality must lastly compile an annual report, which must include a performance report compiled in terms of the Systems Act. In terms of a circular issued by National Treasury provision is also made for the compilation on an annual basis of departmental SDBIPs.

3. PERFORMANCE MANAGEMENT AND MEASURES AT VARIOUS LEVELS

Performance management can be applied to various levels within any organization. The legislative framework as set out above provides for performance management at various levels in a municipality including organizational (sometimes also referred to as municipal, corporate or strategic) level, departmental (also referred to as services, operational or section/team level) and lastly, individual level.

At organizational level the five-year IDP of a municipality forms the basis for performance management, whilst at operational level the annual SDBIP forms the basis. The IDP is a long-term plan and by its nature the performance measures associated with it will have a long-term focus, measuring whether a municipality is achieving its IDP objectives. A SDBIP (both for the municipality as a whole and that of a department) is more short-term in nature and the measures set in terms of the SDBIP, reviewing the progress made with implementing the current budget and achieving annual service delivery targets.

The measures set for the Municipality at organizational level is captured in an organizational scorecard structured in terms of the preferred performance management model of the Municipality.

By cascading performance measures from organizational to departmental level, both the IDP and the SDBIP, forms the link to individual performance management. This ensures that performance management at the various levels relate to one another which is a requirement of the 2001 Municipal Planning and Performance Regulations. The MFMA specifically requires that the annual performance agreements of managers must be linked to the SDBIP of a municipality and the measurable performance objectives approved with the budget.

4. OBJECTIVES OF THE PERFORMANCE MANAGEMENT SYSTEM

As indicated in the previous chapter the Municipality's PMS is the primary mechanism to monitor, review and improve the implementation of its IDP and to gauge the progress made in achieving the objectives as set out in the IDP.

In doing so, it should fulfill the following functions:

- ***Facilitate increased accountability***

The performance management system should provide a mechanism for ensuring increased accountability between the local community, politicians, the Municipal Council and the municipal management team.

- ***Facilitate learning and improvement***

The PMS should facilitate learning in order to enable the Municipality to improve delivery.

- ***Provide early warning signals***

It is important that the system ensure decision-makers are timeously informed of performance related risks, so that they can facilitate intervention, if necessary.

- ***Facilitate decision-making***

The performance management system should provide appropriate management information that will allow efficient, effective and informed decision-making, particularly on the allocation of resources.

The functions listed above are not exhaustive, but sum arise the intended benefits of the system. These intended functions should be used to evaluate and review the performance management system on a regular basis (see chapter 9).

5. PRINCIPLES GOVERNING THE PMS OF POLOKWANE MUNICIPALITY

The following principles guided the process of developing a performance management system for the Polokwane Municipality:

- *Simplicity* so as the facilitate implementation given any current capacity constraints,
- *Politically acceptable* to all political role players,
- *Administratively managed* in terms of its day-to-day implementation,
- *Implementable* within any current resource constraints,
- *Transparency and accountability* both in terms of developing and implementing the system,
- *Efficient and sustainable* in terms of the ongoing implementation and use of the system,
- *Public participation* in terms of granting citizens their constitutional rig to participate in the process,
- *Integration* of the PMS with the other management processes within the Municipality,
- *Objectivity* based on credible information and lastly,
- *Reliability* of the information provided on the progress in achieving the objectives as set out in its IDP.

6. PREFERRED PERFORMANCE MANAGEMENT MODEL FOR POLOKWANE MUNICIPALITY

A performance management model can be defined as the grouping together of performance indicators, sometimes based on the type of indicator, into logical categories or groups (often called perspectives), as a means to enhance the ability of an organization to manage and analyze its performance. As such a model provides a common framework for what aspects of performance is going to be measured and managed. It further ensures that a balanced set of measures are

employed that are not relying on only one facet of performance and therefore not presenting a holistic assessment of the performance of an organization.

A number of performance models are available and any of them could be applied by the Municipality. The available models include the Municipal Scorecard, Balanced Scorecard and the Key Performance Area Model. The Municipality has chosen the Key Performance model. In the said model all indicators are grouped together as per the National Key Performance Areas as per the Municipal Systems Act that is aligned to Polokwane IDP. The said Model therefore enables the Municipality to assess its performance based on the national and its own local key performance areas. With regards to the national key performance areas the Polokwane Municipality added two of their own namely environmental management and social development as they felt that these two areas were not adequately covered by the national key performance areas.

7. THE PROCESS OF MANAGING PERFORMANCE

The annual process of managing performance at organizational level in the Polokwane Municipality involves the steps as set out in the diagram below:



The following table spells out in more detail the role of all relevant role players in the above steps:

| Stakeholders | Performance Planning | Measurement and Analysis | Performance Reporting and Reviews |
|---|---|--------------------------|--|
| <i>Citizens and Communities</i> | <ul style="list-style-type: none"> • Be consulted on needs • Develop the long term vision for the area • Influence the identification of priorities • Influence the choice of indicators and setting of targets | | Be given the opportunity to review municipal performance and suggest new indicators and targets |
| <i>Council</i> | <ul style="list-style-type: none"> • Facilitate the development of a long-term vision. • Develop strategies to achieve vision • Identify priorities • Adopt indicators and set targets | | Review municipal performance annually |
| <i>Mayoral Committee, Portfolio Committee and the IDP</i> | <ul style="list-style-type: none"> • Play the leading role in giving strategic direction and developing | | Conduct the major reviews of municipal performance, determining where goals had or had not been met, |

| Stakeholders | Performance Planning | Measurement and Analysis | Performance Reporting and Reviews |
|--|---|---|--|
| <i>Steering Committee</i> | <p>strategies and policies for the organization</p> <ul style="list-style-type: none"> • Manage the development of an IDP • Approve and adopt indicators and set targets • Communicate the plan to other stakeholders | | <p>what the causal reasons were and to adopt response strategies</p> |
| <i>Municipal Manager and Directors (Senior Managers)</i> | <p>Assist the Executive Committee in</p> <ul style="list-style-type: none"> • providing strategic direction and developing strategies and policies for the organization • Manage the development of the IDP • Ensure that the plan is integrated • Identify and propose | <ul style="list-style-type: none"> • Regularly monitor the implementation of the IDP, identifying risks early • Ensure that regular monitoring (measurement, analysis and reporting) is happening in the organization • Intervene in performance problems on a daily operational | <ul style="list-style-type: none"> • Conduct regular reviews of performance • Ensure that performance reviews at the political level are organized • Ensure the availability of information • Propose response strategies to the Executive Committee |

| Stakeholders | Performance Planning | Measurement and Analysis | Performance Reporting and Reviews |
|---------------------|--|--|--|
| | indicators and targets <ul style="list-style-type: none"> Communicate the plan to other stakeholders | basis | |
| <i>SBU Managers</i> | <ul style="list-style-type: none"> Develop service plans for integration with other sectors within the strategy of the organization | <ul style="list-style-type: none"> Measure performance according to agreed indicators, analyze and report regularly Manage implementation and intervene where necessary Inform decision-makers of risks to service delivery timeously | <ul style="list-style-type: none"> Conduct reviews of service performance against plan before other reviews |

The balance of this chapter looks at each of the steps in more detail and how they will unfold in the process of managing performance in the Municipality. Although the steps and what follow relates mainly to performance management at organizational level, the principles and approaches are also applied to performance management at departmental level.

Performance Planning

The performance of Polokwane Municipality is to be managed in terms of its IDP and the process of compiling an IDP and the annual review thereof therefore constitutes the process of planning for performance. It should be noted that the last component of the cycle is that of performance review and the outcome of such a review process must inform the next cycle of IDP compilation/review by focusing the planning processes on those areas in which the Municipality has under-performed.

Performance Monitoring

Performance monitoring is an ongoing process by which the Manager accountable for a specific indicator as set out in the organizational scorecard (and a service delivery target contained in a SDBIP) continuously monitors current performance against targets set. The aim of the monitoring process is to take appropriate and immediate interim (or preliminary) action where the indication is that a target is not going to be met by the time that the formal process of performance measurement, analysis, reporting and review is due

In the instance of Polokwane Municipality organisational performance is monitored on quarterly basis to the Mayoral Committee. Performance monitoring requires that in between the said formal cycle of performance measurement appropriate action be taken should it become evident that a specific performance target is not going to be met. At least on a monthly basis Senior Managers and SBU Managers needs to track performance trends against targets for those indicators that lie within their area of accountability of their respective Departments as a means to early on identify performance related problems and take appropriate remedial action.

Further each SBU Manager must delegate to the direct line official the responsibility to monitor the performance for his/her sector. Such line officials are best placed given their understanding of their sector monitor on a regular basis whether targets are being met currently or will be met in future, what the contributing factors are to the level of performance and what interim remedial action needs to be undertaken.

Performance Measurement

Performance measurement refers to the formal process of collecting and capturing performance data to enable reporting to take place for each key performance indicator and against the target set for such indicator. Polokwane Municipality have automated performance monitoring of the organisational scorecard (SDBIP), SBU Managers are given specific access to the reporting system. The SBU Managers are responsible for reporting on each indicator and the senior managers for the respective directorates are accountable for the overall monitoring of their directorate performance.

The SBU Managers will, when performance measurement is due, have to collect and collate the necessary performance data or information and capture the result against the target for the period concerned on the organizational scorecard and relevant SDBIP scorecard and report the result to the automated performance reporting system.

Performance Analysis

Performance analysis involves the process of making sense of measurements. It requires interpretation of the measurements as conducted in terms of the previous step to determine whether targets have been met and exceeded and to project whether future targets will be met or not. Where targets have not been met performance analysis requires that the reasons therefore should be examined and corrective action recommended. Where targets have been met or exceeded, the key factors that resulted in such success should be documented and shared so as to ensure organizational learning.

In practice the aforementioned entails that SBU Managers and Senior Managers are responsible for each indicator will have to, after capturing the performance data against targets on the organizational or departmental scorecards, analyze the underlying reasons why a target has/has not been met and capture a summary of his/her findings on the scorecard. The SBU Manager will thereafter have to compile a draft recommendation in terms of the corrective action proposed in instances where a target has not been achieved and also capture this on the relevant scorecard. Provision has been made on the reporting format of the organizational and SDBIP scorecards to capture both the 'reason for the performance challenges (in other words the results of the analysis undertaken) and the 'corrective action' proposed.

The organizational and SDBIP scorecards as completed must then be submitted to a formal meeting of the senior management team for further analysis and consideration of the draft recommendations as captured by the relevant Managers. This level of analysis should examine performance across the organization in terms of all its priorities with the aim to reveal and capture whether any broader organizational factors are limiting the ability to meet any performance targets in addition those aspects already captured by the relevant SBU Manager.

The analysis of the organizational and SDBIP scorecards by senior management should also ensure that quality performance reports are submitted to the Mayoral Committee through the Portfolio Committee Governance and Administration; and that adequate response strategies are proposed in cases of poor performance. Only once senior management has considered the scorecards, agreed to the analyses undertaken and captured therein and have reached consensus on the corrective action as proposed, can the organizational and SDBIP scorecards be submitted to the Mayoral Committee for consideration and review.

Performance Reporting and Review

The next two steps in the process of performance management namely that of performance reporting and performance review will be dealt with at the same time. This section is further divided into three sections dealing with the requirements for in-year versus annual reporting and reviews respectively and lastly a summary is provided of the various reporting requirements.

In-year Performance Reporting and Review

The submission of the scorecards to the Mayoral Committee for consideration and review of the performance of the Municipality as a whole is the next step in the process. The first such report is a major milestone in the implementation of PMS and it marks the beginning of what should become a regular event namely using the performance report as a tool to review the Municipality's performance and to make important political and management decisions on how to improve.

The organizational and SDBIP scorecards be submitted to the Mayoral Committee for consideration and review on a quarterly basis. ***The reporting should therefore take place in October (or the period July to end of September - quarter 1 of the financial year), January (for the period October to the end of December - quarter 2), April (for the period January to the end of March - quarter 3) and July (for the period April to the end of June - quarter 4).***

The review in January will coincide with the mid-year performance assessment as per section 72 of the MFMA. The said section determines that the accounting officer must by 25 January of each year assess the performance of the municipality and report to the Council on inter alia its service delivery performance during the first half of the financial year and the service delivery targets and performance indicators as set out in its SDBIP.

Performance review is the process where the management of Polokwane Municipality, after the performance of the municipality have been measured and reported, reviews the results and decide on appropriate action. The Mayoral Committee in reviewing the municipal scorecards submitted to it will have to ensure that targets committed to in the scorecard have been met, where they have not, that satisfactory and sufficient reasons have been provided by senior management and that the corrective action being proposed are sufficient to address the reasons for poor performance. If satisfied with the corrective action as proposed this must be adopted as formal resolutions of Council.

Annual Performance Reporting and Review

On an annual basis a comprehensive report on the performance of Polokwane Municipality needs to be compiled. The requirements for the compilation, consideration and review of such an annual report are set out in chapter 12 of the MFMA. In summary it requires that:

- All municipalities for each financial year compile an annual report
- The annual report be tabled within seven months after end of the financial year
- The annual report immediately after it has been tabled and made public and that the local community be invited to submit representations thereon
- The municipal Council consider the annual report within nine months after the end of the financial year and adopt an oversight report containing the council's comments on the annual report
- The oversight report as adopted be made public
- The annual report as tabled and the Council's oversight report be forwarded to the Auditor-General, the Provincial Treasury and the department responsible for local government in the Province
- The annual report as tabled and the Council's oversight report be submitted to the Provincial legislature.

The oversight report to be adopted provides the opportunity for full Council to review the performance of the Municipality. The requirement that the annual report once tabled and the oversight report be made public similarly provides the mechanism for the general public to review the performance of the Municipality. It is however proposed that in an effort to assist the public in the process and subject to the availability of funding, a user- friendly citizens' report be produced in addition to the annual report for public consumption. The citizens' report should be a simple, easily readable and attractive document that translates the annual report for public consumption.

Annually a public hearing (MPAC hearing on the annual report) that involve the citizens of Polokwane Municipality must be held. The hearing must review the municipal performance over and above the legal requirements of the Municipal Systems Act and the MFMA. Such a campaign could involve all or any combination of the following methodologies:

- Various forms of media including radio, newspapers and billboards should be used to convey the annual report.
- The public should be invited to submit comments on the annual report via telephone, fax and email.
- Public hearings could be held in a variety of locations to obtain input of the annual report.
- Making use of existing structures such as ward and/or development committees to disseminate the annual report and invite comments.
- Hosting a number of public meetings and road shows where the annual report could be discussed and input invited.
- Posting the annual report on the council website and inviting input

Lastly, the performance report of Polokwane Municipality is only one element of the annual report and to ensure that the outcome thereof timeously inform the next cycle of performance planning in terms of an IDP compilation/review process, the annual performance report be compiled and completed as soon after the end of a financial year as possible but ideally not later than two months after financial-year end.

Summary of Various Performance Reporting Requirements

The following table, derived from both the legislative framework for performance management and this PMS Policy, summarizes for ease of reference and understanding the various performance reporting deadlines as it applies to Polokwane Municipality:

| Report | Frequency | Submitted for consideration and/or review to | Remarks |
|---|-----------|--|---|
| SDBIPs | Quarterly | Mayoral Committee | See MFMA Circular 13 of National Treasury for further information |
| Monthly budget statements | Monthly | Executive Mayor (in consultation with Mayoral Committee) | See sections 71 and 54 of the MFMA |
| Organizational Scorecard (Quarterly Institutional Performance Report) | Quarterly | Mayoral Committee | This PMS Policy (see section 7.5.1 above) |
| Performance report | Annually | Council | See section 46 of the Municipal Systems Act as amended. Said report to form part of the annual report (see 7 below) |
| Annual report | Annually | Council | See chapter 12 of the MFMA |

8. THE AUDITING OF PERFORMANCE MEASURES

The role of Internal Audit In -terms of Performance Management

The MFMA requires that Polokwane Municipality must establish Internal Audit section which service could be outsourced depending on its resources and specific requirements. Section 45 of the Municipal Systems Act stipulates that the results of the Municipality's performance measures

must be audited by the said internal audit section as part of the internal auditing process and annually by the Auditor-General.

The Municipal Planning and Performance Management Regulations of 2001 stipulates that Internal Audit section must on a continuous basis audit all performance and the auditing must include an assessment of the following:

- (i) The *functionality* of the municipality's performance management system.
- (ii) Whether the municipality's performance management system *complies* with the Act.
- (iii) The extent to which the municipality's performance measurements are *reliable* in measuring the performance of municipalities by making indicators.

Each of the aforementioned aspects will now be looked at briefly.

- **Functionality**

To function could be defined as a proper or expected activity or duty or to perform or operate as expected (Chambers Handy Dictionary). This could also be applied to the operation of any system such as a PMS. The internal Audit section must therefore on a regular basis audit whether the PMS of Polokwane Municipality is functioning as developed and described in this Policy.

- **Compliance**

To comply can be defined as to act in the way that someone else has commanded or wished (Chambers Handy Dictionary). In this respect it is clear that the legislature wishes to ensure that the Polokwane Municipality's PMS complies strictly with the requirements of the Systems Act, Regulations and the MFMA. This compliance check would require that the Municipality's Internal Audit Unit, at least on an annual basis, verifies that the Municipality's PMS complies with the said legal requirements.

- **Reliability**

To rely could be defined as to trust or depend (upon) with confidence. Reliability in the context of PMS refers to the extent to which any performance measures reported upon could be seen as being reliable, e.g. if the performance target was to build 500 houses and it is reported

that the target has been met or exceeded, it must be established whether the information is factually correct or only an estimation or even worse, purposeful misrepresentation. Undertaking a reliability audit will entail the continuous verification of performance measures and targets reported upon. This will require that Polokwane Municipality place a proper information management system (electronically or otherwise) so that the internal audit section is able to access information regularly and to verify its correctness.

The Polokwane Municipality's Internal Auditors must submit quarterly reports on the audits undertaken to the Municipal Manager and the Audit Committee.

Audit Committee

The MFMA and the Municipal Planning and Performance Management Regulations require that the municipal council establish an audit committee consisting of a minimum of three members, where the majority of members are not employees of Polokwane municipality. No Councilor may be a member of an audit committee. Council shall also appoint a chairperson who is not an employee.

The Regulations gives municipalities the option to establish a separate performance audit committee whereas the MFMA provides only for a single audit committee. The operation of this audit committee when dealing with performance management is governed by section 14 (2-3) of the Regulations which require that the audit committee must:

- review the quarterly reports submitted to it by the internal audit unit.
- review the municipality's PMS and make recommendations in this regard to the Council of the Municipality.
- at least twice during a financial year submit an audit report to the municipal Council.

In order to fulfill their function a performance audit committee may, according to the MFMA and the Regulations,

- Communicate directly with the council, municipal manager or the internal; and external auditors of the municipality concerned;
- Access any municipal records containing information that is needed to perform its duties or exercise its powers;

- Request any relevant person to attend any of its meetings, and, if necessary, to provide information requested by the committee; and
- Investigate any matter it deems necessary for the performance of its duties and the exercise of its powers.

The council of Polokwane Municipality has an Audit Committee, which performs the audit function of performance. The audit committee has been established in terms of the MFMA and is in line with the provisions of the Local Government: Planning and Performance Regulations of 2001.

Performance Investigations

The Audit Committee should also be able to commission in-depth performance investigations where there is either continued poor performance, a lack of reliability in the information being provided or on a random ad-hoc basis. The performance investigations should assess:

- The reliability of reported information
- The extent of performance gaps from targets
- The reasons for performance gaps
- Corrective action and improvement strategies

While the Internal Audit unit may be used to conduct these investigations, it is preferable that external service providers, who are experts in the area to be investigated, should be used. Clear terms of reference will need to be adopted by the Council for each such investigation.

9. GENERAL ISSUES RELATING TO PERFORMANCE MANAGEMENT

The following is some general issues related to performance management that needs to be taken into consideration in implementing the PMS of Polokwane Municipality:

Annual Review of the Performance Management System

One of the functions of the audit committee is to on at least an annual basis, review the PMS of the Municipality. It is envisaged that after the full cycle of the annual review and reporting is complete and the audit committee has met as required; the Internal Audit unit will compile a

comprehensive assessment/review report on whether the Municipality's PMS meets the system objectives and principles as set out in this Policy and whether the system complies with the Systems Act, PMS Regulations and the MFMA. This report then needs to be considered by the audit committee and any recommendations on amendments or improvements to be made to the PMS, submitted to Council for consideration.

The Municipal Systems Act requires the Municipality also annually evaluate its PMS. The review undertaken by the audit committee and its recommendations could serve as input into this wider municipal review of the PMS and it is proposed that after the full cycle of the annual review is complete; the Municipal Manager will initiate an evaluation report, taking into account the input provided by departments. The report will then be discussed by the Executive Management and finally submitted to the Committees for discussion and approval.

Integrating PMS with the Council's Existing Management Cycle

International best practice indicates that PMS stand the best chance to succeed if it is integrated with the current management cycle of the Municipality. The purpose of such a cycle would be to guide the integration of important processes such as the strategic planning or development process in terms of the IDP methodology, the annual budget process and the formal process of evaluating and assessing Council's performance in terms of the approved PMS.

Institutional Arrangements

The implementation of the PMS in terms of this Policy would require co-ordination and it is recommended that at organizational level this be the task of the Manager PMS responsible for the PMS function in the municipality. This doesn't mean that it is the responsibility of the PMS Manager to measure, analyze and report on performance but only to ensure that this happens and that material collated and available for analyses and review as per this Policy on behalf of the Municipal Manager.

At an individual level the responsibility for co-ordination, administration and record keeping should be the responsibility of the Manager responsible for human resource management.

The Municipality also needs to ensure that its internal audit section is capacitated to deal with the additional responsibilities it has in terms of performance management over and above its traditional financial audit responsibilities.

10. STANDARD OPERATING PROCEDURE

Policies and procedures describe the generalized view of a job without getting into the major specifics, and often remain the same within a department or across the municipality as a whole. These often govern who does what on the job. Standard operating procedures get down to specifics of how a task is to be accomplished. SOPs work to fulfill policy and procedures.

SOPs look more toward standardized ways to get work done, while policies and procedures allow more room for a worker to improvise. Because of this, policies and procedures create more likelihood of a standardized product or service, but SOPs insure that a product or service comes out the same way every time. In order for Polokwane Municipality to ensure that performance management is standard, a Performance Management Standard Operating Procedure must be developed and implemented across all the directorates. The SOP will be signed off by the accounting officer and will be reviewed on regularly basis and also when there a material changes in the performance management environment of the municipality.

11. TECHNICAL INDICATOR DESCRIPTION MANUAL

Polokwane Municipality must develop the Technical Indicator Description Manual for each indicator that appears in the institutional/municipal scored as captured in the Top-Layer Service Delivery and Implementation Plan. The purpose of the Technical Indicator Description Manual is to explain how the collection, calculation and interpretation of the data of each indicator is to be done. The Technical Indicator Description Manual must be aligned to the Top-Layer SDBIP and must have same indicator reference number and should reflect the financial year that the indicators are applicable to be measured.

The table below reflects the format of the Technical Indicator Description Manual:

| Indicator Number/SDB IP Number | Indicator Title | Short Definition | Purpose of the Indicator | Source/collection of data | Method of calculation | Data limitation | Type of Indicator | Reporting Cycle | Indicator Responsible Person/Directorate |
|--------------------------------|-----------------|------------------|--------------------------|---------------------------|-----------------------|-----------------|-------------------|-----------------|--|
|--------------------------------|-----------------|------------------|--------------------------|---------------------------|-----------------------|-----------------|-------------------|-----------------|--|

12. INFORMATION TECHNOLOGY TOOLS FOR PERFORMANCE MANAGEMENT (AUTOMATED PERFORMANCE MANAGEMENT SYSTEM)

Technology is being used in almost every organization to accomplish specific tasks. Technology has changed the way we work and it simplifies the way employees accomplish specific tasks at work. Every year new technology is integrated in different workplaces with a great aim of improving working processes, systems and procedures. Recently, there are noticeable developments in the performance management environment in the form of automation. Polokwane Municipality took advantage of the IT development in the PMS environment. The municipality has automated PMS in 2016 from manual. Performance monitoring, measuring and evaluation is now done using automation. Automation is able to capture performance information, store performance information, review performance information and generate performance reports. The system details is provided and supplied by the service provider, however the system must comply with this policy and comply with all the Polokwane Municipality's IT Policies.

13. CONCLUSION

In conclusion it must be emphasized that there are no definitive solutions to managing municipal performance. The process of implementing a performance management system must be seen as a learning process, where the Municipality must continuously improve the way the system works to fulfill the objectives of the system and address the emerging challenges from a constantly changing environment.

SECTION B: INDIVIDUAL PERFORMANCE

14. PREAMBLE

The implementation of an Organizational Performance Management System necessitates the inclusion of an Employee Performance Management System, so as to ensure that strategic goals (ultimate outcomes) and strategic objectives (intermediate outcomes) of the organization are interpreted and delivered by employees.

The Organizational and Employee Performance Management Policy is applicable to all employees of the City of Polokwane. The legislative environment requires the filtering down of the Performance Management System to employee levels lower than the Municipal Manager and Managers directly accountable to the Municipal Manager. Legislation does not, however, prescribe performance management practices at lower levels. In terms of section 67 of the Municipal Systems Act no 32 of 2000, a municipality, in accordance with applicable law and subject to any applicable collective agreement, must develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration, including (d) the monitoring, measuring and evaluating of performance of staff.

Varied responsibilities and contractual arrangements with individual employees' present obstacles to promoting a unified performance management culture. For this reason the Policy aims to align all performance management practices. Where required, distinction is made between the application of the Policy for Top Management and other Municipal employees. The PMS Policy integrates various legislative and also unique Municipal Management requirements, inclusive of:

- ❖ Labour Relations Act, No 66 of 1995.
- ❖ The Constitution, Act No 108 of 1996.
- ❖ White Paper on New Employment Policy in the Public Sector, 1997.
- ❖ Local Government: Municipal Structures Act No 117 of 1998.
- ❖ Local Government: Municipal Systems Act 32 of 2000; Local Government: Municipal Systems Amendment Act 2003 and Local Government Municipal Systems Amendment Bill, 2010.

- ❖ Municipal Planning and Performance Management Regulations and Guidelines, Notice 7146 of 2001.
- ❖ Local Government: Municipal Finance Management Act No 53 of 2003 and MFMA Regulation 493 of 2007.
- ❖ Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, Regulation 805 of 2006.
- ❖ Government Wide Monitoring and Evaluation Framework.
- ❖ 12 Outcomes of Government with specific emphasis on Outcome 8 and 9.
- ❖ Performance and Delivery Agreements.

15. PURPOSE

The Municipal Systems Act, 32 of 2000 and the Performance Management Regulations of 2001 and 2006 stipulate that Municipalities should develop Performance Management Systems to confirm the intention, implementation, monitoring and review of its Integrated Development Plan's priorities. Alignment between organizational and employee performance management is imperative to ensure the above.

- The purpose of the City of Polokwane Organizational and Employee Performance Management Policy is to regulate the effective implementation of the performance management requirements for employees of the Municipality based on legislative requirements.
- It provides for a mechanism by which management shall give direction regarding the achievement of organizational goals (ultimate outcomes) and objectives (intermediate outcomes).
- It is derived from the Performance Management Framework (2011) of the City of Polokwane – aimed at incorporating organizational and employee performance management. The Policy thus outlines how Polokwane Municipality responds to the requirement of Chapter 6 of the Municipal Systems Act.

16. THE EXPECTED OUTCOME OF THE POLICY

The expected outcome of the application of the Organizational and Employee Performance Management Policy is that:

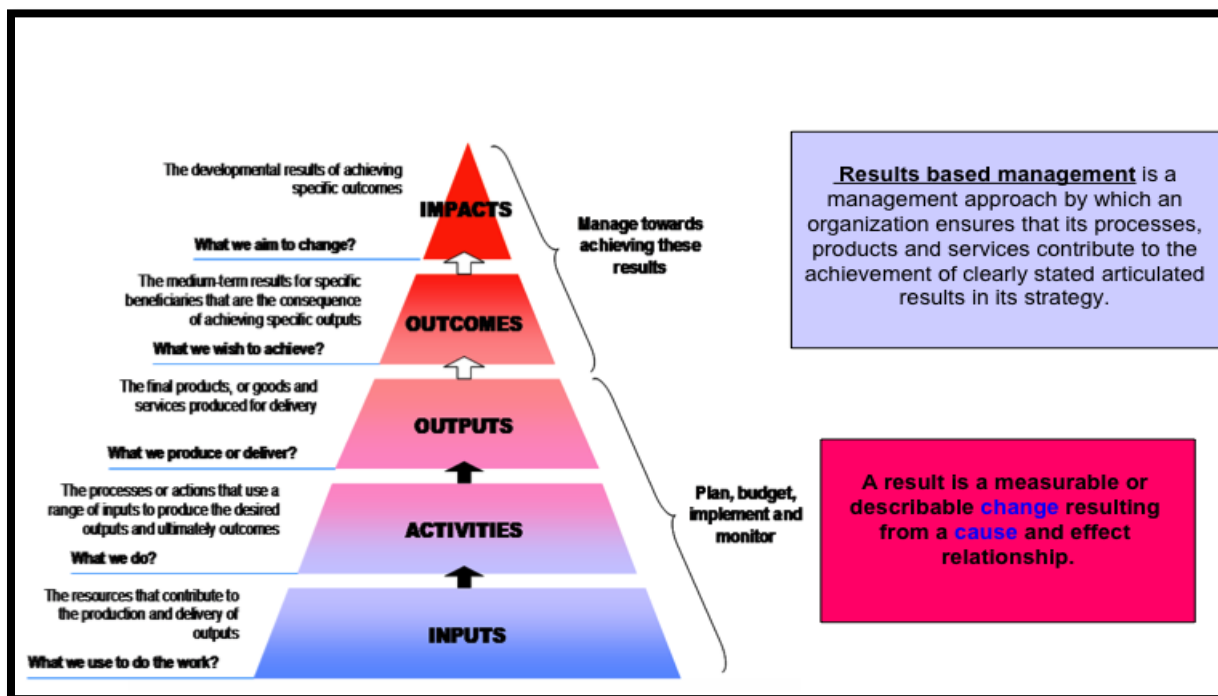
- ✓ The Integrated Development Plan (IDP) will be interpreted in the Organizational, Departmental, Strategic Business Unit Scorecards;
- ✓ Employees of the Municipality will collectively execute their obligation towards the community as expressed in the Integrated Development Plan (IDP) and Organizational, Departmental and Strategic Business Unit Scorecards resulting in the development of Individual Performance Plans/Scorecards annually as interpreted in the Service Delivery Budget Implementation Plan (SDBIP) and Lower Service Delivery Budget Implementation Plan (LSDBIP); and
- ✓ Employees will gain an understanding of how they can contribute towards the attainment of the vision, mission, priorities, strategic goals (ultimate outcomes) and objectives (intermediate outcomes), key performance areas and key performance indicators of the Municipality.

With the above in mind the Policy focuses on describing in broad terms:

- ✓ How employee performance management activities should be planned
- ✓ How cascading to all levels will promote accountability and improved individual employee performance
- ✓ How to collect process and report on performance information.
- ✓ How employees must be actively involved in the management of their own performance in an accountable manner
- ✓ How incentives and rewards should be structured
- ✓ How to take practical steps to improve on performance on the basis of information obtained

City of Polokwane has adopted Results/Outcomes Based Management as their planning methodology aligned to Government Wide Monitoring and Evaluation Framework. The methodology utilizes the logic model to articulate the results to be achieved. The model promotes cascading of performance at all levels. See Figure 1 below:

Figure 1: The Logic Model



17. SCOPE OF APPLICATION

This policy is applicable to all employees of Polokwane Municipality. More specifically, this policy shall be applicable to following categories of employees:

- ✓ Employees referred to in the Municipal Systems Act as Section 57 Employees i.e. the Municipal Manager and the managers reporting directly to the Municipal Manager;
- ✓ Employees who are permanent employees of the Municipality and fall within the ambit of the Local Government Collective Bargaining Council; and
- ✓ Employees who are employed by the Municipality on fixed term contracts and fall outside of the Local Government Collective Bargaining Council.

18. OBLIGATIONS OF THE EMPLOYER

The employer shall:

- ✓ Create an enabling environment to facilitate effective performance by the employee.
- ✓ Provide access to skills development and capacity building opportunities.
- ✓ Work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the employee.
- ✓ On the request of the employee delegate such powers reasonably required by the Employee to enable him/her to meet the performance objectives and targets established in terms of this agreement.

19. DEFINITION OF EMPLOYEE PERFORMANCE MANAGEMENT

Employee Performance Management may be defined as the process of creating a work environment in which employees are enabled to perform to the best of their abilities, so as to ensure the achievement of organizational goals (ultimate outcomes) and objectives (intermediate outcomes). It is a continuous process of clarifying job responsibilities, priorities and performance expectations to ensure optimum performance. It is one of the key processes that, when effectively carried out, helps employees understand their contribution towards organizational performance achievements.

Employee performance management therefore culminates in a methodology of cascading and integration between organizational, departmental, business unit and employee performance. It includes clarifying expectations, setting outputs and targets, providing feedback and evaluating results. Employee performance management involves a planned process that provides the opportunity for both the manager/supervisor and employee to identify, focus on and review the intended contributions towards the achievement of the mission and strategic goals (ultimate outcomes) of the organization. It establishes a shared understanding about what is to be achieved and how it is to be achieved. It is an approach to manage people to increase the probability of achieving success.

20. OBJECTIVES OF THE ORGANISATIONAL AND EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM

The overall objective of implementing and sustaining effective employee performance management is to build human capital at strategic and operational levels throughout the Municipality. To achieve this objective an Organizational and Employee Performance Management System is implemented to provide administrative simplicity, maintain mutual respect between managers and employees, and add value to day-to-day communication about performance and development issues.

More specifically, the Organizational and Employee Performance Management System focuses on:

- ✓ Ensuring compliance with legislative requirements in terms of performance management.
- ✓ Translating Municipal strategies into individual performance priorities.
- ✓ Aid in the assessment of employee performance against objectives whilst considering the utilization of resources.
- ✓ Allowing employees to become more actively involved in achieving organizational goals (ultimate outcomes) and be accountable for their own performance by instilling a performance-oriented culture.
- ✓ Drive organizational values, culture and desired leadership behavior through rewarding these elements.
- ✓ Promote a clear work ethic, customer orientation and a culture of professionalism, accountability and delivery.
- ✓ Build human capital at strategic and operational levels throughout the City of Polokwane in line with the mission of the Municipality.

21. PRINCIPLES OF THE ORGANISATIONAL AND EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM

The Performance Management System is founded on the following sound and proven principles:

- ✓ Simplicity
- ✓ Legislative Acceptance
- ✓ Implement ability
- ✓ Transparency and accountability
- ✓ Efficiency and sustainability
- ✓ Community participation
- ✓ Integration
- ✓ Objectivity

22. KEY ROLE-PLAYERS

Various political and administrative structures impact on employee performance. A brief description of the roles of these structures is provided below.

Table 1: Key Role-Players in the Employee Performance Management Process

| Role Player | Role |
|--------------------------|--|
| Executive Mayor | The Executive Mayor may assign the management of performance (organizational and employee) to the Municipal Manager. The Mayor is responsible for dispute resolution regarding performance management matters (nature of performance agreement and performance evaluation) of the Municipal Manager and Managers directly accountable to the Municipal Manager. |
| Municipal Manager | It is the responsibility of the Municipal Manager to ensure the effective and efficient design, development and implementation of an Organizational and Employee Performance Management System. The Municipal Manager will accept overall accountability for service delivery of the agreed performance indicators as stipulated in the IDP and SDBIP of the organization, and will be accountable to the Executive Mayor at agreed intervals. In addition, the Municipal Manager is responsible for ensuring proper monitoring, assessment and review of the Organizational and Employee Performance Management System. The Municipal Manager will delegate responsibility and accountability to Directors and Managers. |

| Role Player | Role |
|--|---|
| Directors | <p>Directors are responsible for the effective coordination of employee performance by developing objectives and indicators with employees in such a way that continuous improvement is encouraged. They should enter into the Performance Plans with employees and the delegation process shall be cascaded down to all levels within each Department.</p> <p>Directors are further responsible for using the performance management process to monitor and coach employees; including providing continuous feedback and assessment. Based on assessments, managers are responsible for managing poor performance and recognize and reward good performance.</p> |
| Individual Employees | <p>Roles and responsibilities of individual employees within the performance management framework include:</p> <ul style="list-style-type: none"> ✓ Taking responsibility for the standard of his/her own performance by improving output quality ✓ Developing and implementing action plans so that set objectives can be achieved ✓ Asking their manager for information, help or advice to assist them in meeting set targets ✓ Making suggestions on how they can improve their performance ✓ Keeping their manager informed about any problems that will negatively affect the achievement of set targets ✓ Keeping their manager informed about how well they are doing in relation to their objectives |
| Human Resources | <p>The Human Resource Department is to provide guidelines, advice and instruments and will manage quality control of employee performance management efforts. They are also responsible for informing the Municipal Manager on required procedures and structures.</p> |
| Strategic Planning, Monitoring & Evaluation | <p>The Strategic Planning, Monitoring & Evaluation oversees and provides guidance on the development and implementation of the Municipal Organizational and Employee Performance Management System.</p> |

| Role Player | Role |
|---|---|
| | <p>Strategic Planning, Monitoring & Evaluation is the custodian of Performance Management on behalf of Senior Management and has to work closely with the Human Resources Unit which must:</p> <ul style="list-style-type: none"> ✓ Conducting follow-up and evaluation studies within the Municipality including attitude surveys to assess the effectiveness of the Employee Performance Management System ✓ Testing staff morale ✓ Ensuring change management is instilled ✓ Based on the findings, make recommendations to senior management to improve the overall Performance Management System <p>Strategic Planning, Monitoring & Evaluation will further ensure cohesion and alignment between its activities and that of other role-players involved in the employee performance management process and will work closely with the Human Resources Unit.</p> |
| Assessment/ Evaluation Panel and Moderator | <p>Assessment/Evaluation panels are involved in the assessment of employees' performance. Section 27(4)(d) of Regulation 805 provides details on the Assessment/Evaluation panels to conduct the assessment of the Municipal Manager and Managers directly accountable to the Municipal Manager.</p> <p>Assessment/Evaluation panels comprising of the manager of an employee, a peer and employees reporting to the employee, are to be created in cases where employees on other management levels are assessed.</p> <p>A 180° assessment process is to be followed for all other employees, implying the involvement of the employee and his/her direct manager in the assessment process.</p> <p>The Assessment/Evaluation Panel is chaired by the Moderator who is responsible for moderating the assessment process. The Moderator is also responsible for resolving any disagreements that may arise between managers and incumbents. Together with the rest of the Assessment/Evaluation Panel,</p> |

| Role Player | Role |
|---|---|
| | <p>moderators are responsible for recommending appropriate rewards and incentive schemes for excellent performance.</p> |
| Internal Audit | <p>Internal Audit is responsible for conducting an independent evaluation of performance assessments. To this effect Internal Audit members may sit in during a number of employee assessments as an observing member to validate the information included in employee Portfolio of Evidence (PoE). Due to the scope of assessments to be conducted, the Internal Audit may not be able to attend all employee assessments, but should attend a dedicated number per level.</p> <p>The Internal Audit is responsible for reviewing performance evidence and quality assurance. They should also actively participate in the final review sessions and approval of incentives with the Performance Audit and Remuneration Committee.</p> |
| Performance Audit and Remuneration Committee | <p>The aim of the Performance Audit and Remuneration Committee is to evaluate and conduct an overall audit of all performance appraisals that were conducted within the Municipality.</p> <p>This includes reviewing the appraisals per manager, level and division to ensure cohesion and the application of similar standards throughout the performance appraisal process.</p> <p>The Performance Audit and Remuneration Committee is a critical body to ensure that confidence can be created in the effectiveness and equity of the Organizational and Employee Performance Management System. This committee is responsible to:</p> <ul style="list-style-type: none"> ✓ Ensure that all legislative and regulatory requirements regarding performance management are fulfilled ✓ Review and ensure the application of organizational performance management policy and strategies aligned to employee strategies and policies ✓ Review the performance of the organization as a whole |

| Role Player | Role |
|---|---|
| | <ul style="list-style-type: none"> ✓ Review the performance of the Municipal Manager and direct reports to provide validity to the review process ✓ Review and ensure the application of organizational remuneration policies and strategies ✓ Ensure the payment of fair, competitive and appropriately structured remuneration ✓ Have oversight over the remuneration policies and practices of the organization ✓ Review the findings of the Internal Audit Committee based on documentation made available by this Committee ✓ Approve recommendations of performance bonuses as stipulated by Assessment/Evaluation Panels for the Municipal Manager and Managers directly accountable to the Municipal Manager and to give those through to Council for approval ✓ Review and recommend financial and formal non-financial performance incentives to other employees and provide a report on the matter to the Executive Management for review and approval ✓ Review the performance reward scheme of the Municipality on an annual basis |
| Audit and Performance Audit Committee | Provide Independent audit on legal compliance. Audit of municipal performance and communicate directly with the Council, Municipal Manager as well as internal and external auditors |
| Municipal Public Accounts Committee (MPAC) | The role is to provide oversight over the activities of Council as the Municipal Council is vested with both legislative and executive authority. Oversight and accountability helps to ensure that the executive implements programmes and plans in a way consistent with policy, legislation and the dictates of the Constitution. |

23. ORGANISATIONAL VS EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM

Human Resources are necessary to ensure that effective services are provided within Municipalities. The organization is therefore in need of effective human resource management practices that can ensure the appropriate deployment, support and accountability of Municipal employees.

Within the Municipal organizational structure the SDBIP and LSDBIP give effect to the annual implementation of the IDP and budget of the Municipality. In developing a credible SDBIP and LSDBIP the Municipality has adopted the Logical Model. During the IDP Strategies Phase, the Municipality develops Organizational, Departmental and Business Units Scorecards which are translated into the SDBIP and LSDBIP. These planning documents provide the bridge between community needs and what must be delivered by Council and Administration through individual performance that must support the vision, mission, goals and objectives of the organization.

In the context of the above, effective employee performance management requires the alignment of employee activities to organizational strategies. The focus should be on results (inputs, activities, outputs) as the preferred approach to employee performance management, as it enables employee efforts to be linked to organizational goals and objectives.

Organizational performance management is divided into four phases, namely:

- ✓ planning/review,
- ✓ monitoring,
- ✓ reporting and
- ✓ Evaluation.

For employee performance management to be aligned to organizational performance management and the process plan, the same phases apply. The application of these phases in line with organizational performance management phases is displayed in the below table.

A cyclical process is followed to ensure effective and efficient employee performance management. A summary of these phases is provided below.

Table 2: Employee Performance Management Phases

| Phases | Explanation |
|-----------------------------------|---|
| Planning/Review: | <p>It encompasses the compilation of Performance Agreements inclusive of Performance and Personal Development Plans.</p> <p>Employee Performance Plans inclusive of the Performance Scorecard should relate back to Municipal goals (Ultimate Outcomes) and objectives Intermediate Outcomes). These planning documents should be used to design the Performance Plan (Performance Scorecard) of Municipal employees. For each individual employee their individual Performance Plans are informed by the priorities and targets set for their managers and their own tasks and accountabilities. This process allows for cascading strategies down to the level of each individual Employee Performance Plan.</p> |
| Monitoring and Assessment: | <p>This phase relates to the assessment of performance and periodic review of progress to achieve set targets. Employee performance monitoring encompasses a continuous review of the levels and standards of activities performed by an employee.</p> <p>The process of assessment is used to measure performance via data through scoring to determine if targets were met. Performance is therefore assessed against the achievement or non-achievement of targets. Assessment of performance requires employees and managers to look at inputs (resources, financial perspective), activities/processes (functions, service standards perspective), outputs (results, service delivery perspective) and outcomes (impact, customer satisfaction, and growth, quality of life) to determine the impact that an employee made towards the achievement of Municipal service delivery.</p> <p>During the assessment process an overall rating is calculated by using the applicable assessment-rating calculator. The rating is used to</p> |

| Phases | Explanation |
|--------------------------------|---|
| | determine future actions, i.e. under-performance may result in additional coaching/training or disciplinary action, whilst exemplary performance may result in incentives as a reward for excellence. |
| Reporting and Coaching: | <p>Reporting on findings of the assessment process occurs in this phase. Based on findings, a coaching and/or disciplinary action plan is to be put in place to ensure improvement of performance – where necessary.</p> <p>Coaching/mentoring can be used to change behavior or actions so as to ensure that targets are achieved against set standards. Coaching may be conducted to help an employee to meet or exceed the standards of expected performance. Coaching is a crucial part of the continuous tracking and improving of performance, and provides guidance, feedback and reinforcement of the key results and competencies expected of an employee.</p> |
| Evaluation and Reward: | <p>Evaluation of the employee performance management process is essential to ensure the validity and reliability of the performance management process. In other words, the purpose of evaluation is to critically evaluate past actions, build on areas of value, eliminate non value adding processes, and use the information gained to make informed decisions to realign employee and organizational goals and objectives. Without continuous evaluation there can be no improvement and development.</p> <p>Annual performance evaluations also involve the provision of rewards in cases where performance exceeded expectations.</p> |

Activities within the Employee Performance Management Programme have been divided to collate with the organizational performance management phases. Detail on how these activities are to be executed to ensure effective and efficient employee performance management are provided in more detail throughout the rest of this Policy document.

24. PLANNING AND REVIEW

The planning phase is the first in the performance management cycle and occurs in June of each year. This is a consultative process during which an employee and his/her manager jointly draft the performance agreement/plan based on the goals (ultimate outcomes) and objectives (intermediate outcomes) set out in the IDP and SDBIP of the Municipality.

The process of planning relates to the establishment of performance contracts, performance agreements and performance plans to be used to measure the performance of individual employees. These documents should be linked to the Organizational, Departmental and Business Units Scorecards, IDP, SDBIP and LSDBIP of the Municipality based on the employee level.

25. PERFORMANCE CONTRACTS

Regulation 805 of 2006 states that the Performance Contract of the Municipal Manager and Managers directly accountable to the Municipal Manager is fixed for a specific term of employment not exceeding a period ending two years after the election of the next Council of the Municipality. The Contract must provide for a commencement date as well as a termination date. The Contract should make provision for the cancellation of the contract in case of non-performance compliance or due to medical incapacity.

All contracts are subject to the terms of conditions stipulated in Section 55 of the Municipal Systems Act (2000) as well as all related stipulations within the Municipal Finance Management Act (MFMA) (2003). In addition to the above, employment in terms of the Employment Contract is subject to:

- ✓ The signing of a separate Performance Agreement within ninety (90) calendar days after assumption of duty and annually within one month after the commencement of the new financial year.
- ✓ The submission of original or certified copies of academic and professional qualifications and proof of previous employment.
- ✓ The signing of the code of conduct as stipulated in Schedule 2 of the Municipal Systems Act.

- ✓ The disclosure of all financial interest on the date of assumption of duty and annually within one month after commencement of the financial year (June).

The signing of Performance Contracts is not applicable to other employees in the employment of the City of Polokwane.

26. PERFORMANCE AGREEMENTS

Applicable to the Municipal Manager and Managers directly accountable to the Municipal Manager, Chapter 3 of Regulation 805 provides specific detail on the Performance Agreements for Municipal Managers and Managers directly accountable to Municipal Managers. In addition the Municipal Systems Act (MSA), Section 57 (1)(b) and (2)(a) states that Performance Agreements of the applicable managers are concluded annually and within one month after the beginning of the new financial year.

According to Sections 23(2) and 25(1) (2) of Regulation 805, the Performance Agreement must include performance objectives and targets appropriate to their respective area of responsibility and aligned to the SDBIP. Performance Agreements are to be used as the basis for assessing whether the employee has met the performance expectations applicable to his/her job. The Performance Agreement should therefore include detail on monitoring and measurement requirements against set targeted outputs. Performance assessments should specify objectives and targets defined and agreed upon, and be used as the basis for assessing whether the Municipal Manager or Manager directly accountable to the Municipal Manager has met the performance expectation applicable to his/her job. Annexure to the Performance Agreement should include a Performance Plan as well as a Personal Development Plan.

The contents of the Performance Agreement of the Municipal Manager and Managers directly accountable to the Municipal Manager must be made available to the public in accordance with Section 75 of the MFMA and Section 57 of the MSA. The respective Employment Contract and the Performance Agreement must be submitted by the Municipal Manager to the MEC (Section 4(c) of Regulation 805) responsible for Local Government in the relevant Province as well as the National Minister responsible for Local Government within fourteen (14) days after concluding the Employment Contract and the Performance Agreement.

27. PERFORMANCE PLANS

An effective and efficient Organizational and Employee Performance Management System requires the development and agreement of similar documents and actions as those of the Municipal Manager and Managers directly accountable to the Municipal Manager with the main difference relating to the signing of a Performance Contract and Performance Agreement as legislatively required. A Performance Plan must therefore be completed for each Municipal employee.

The aim of a Performance Plan is to set out specific accountabilities that the Municipal employee will be responsible for. In the case of the Municipal Manager and Managers directly accountable to the Municipal Manager the Performance Plan forms an annexure to the Performance Agreement. In the case of other employees within the Municipality a similar Performance Plan is to be compiled so as to ensure cascading of Municipal goals (ultimate outcomes) and objectives (intermediate outcomes) to individual employee levels. The Performance Plan must be conducted within a reasonable time after an employee has been appointed and thereafter within one month after the beginning of the financial year of the Municipality.

The Performance Plan of the Municipal Manager forms the basis of Performance Plans for the next reporting level. The Performance Plans of respective managers are to be used to compile Performance Plans of employees reporting to them. Objectives and targets must be identified, discussed and agreed with each individual employee.

The criteria upon which the performance of the Municipal Manager and Managers directly accountable to the Municipal Manager should be assessed consist of two components carrying a weighting of 80:20. Eighty percent (80%) is to be allocated to the Key Performance Areas (KPAs) and twenty percent (20%) to the Core Competency Requirements (CCRs) including Municipal Values. Each area of assessment must be weighted and contribute a specific part to the total score.

Similar components are used to assess the performance of other employees. In the case of other employees, the weighting should be adapted to 70:30 for employees up to level seven and 60:40 for levels eight and lower where the allocated weighting for KPAs is 70%/60% and CCRs

30%/40%. This criterion split is determined by the core focus of an employee's job in relation to the delivery on performance objectives.

28. PERFORMANCE SCORECARD AS PART OF THE PERFORMANCE PLAN

The development of a scorecard included in the Performance Plan is required to set specific accountabilities and standards upon which performance is to be executed and assessed. Information included in the scorecard of the Performance Plan should align to organizational goals (ultimate outcomes), objectives (intermediate outcomes), indicators and targets.

An example of such a scorecard is provided below.

Table 3: Performance Plan / Scorecard Example

| | | | | | | | | |
|--|--------|-----|--------|----------|--------------------|----------|--------|-------|
| Performance Scorecard | | | | | | | | |
| Employee Name: Employee Number: | | | | | | | | |
| Job Title: Directorate/Department: | | | | | | | | |
| Manager: Date (Financial Year): | | | | | | | | |
| Position Purpose: | | | | | | | | |
| Achievement of KPA's – 80%/70%/60% of total Score | | | | | | | | |
| KPA | Weight | KPI | Weight | Baseline | Target | Evidence | Rating | Notes |
| | | | | | | | | |
| | 100 | | 100 | | | | | |
| Achievement of CCRs – 20%/30%/40% of total Score | | | | | | | | |
| Description | | | | | Weighting | | Total | Notes |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | 100 | | | |
| Employee Signature: | | | | | Manager Signature: | | | Date: |
| By signing this Performance Scorecard the manager and employee indicates their full understanding of, and agreement with the contents of this scorecard. | | | | | | | | |

The identification of KPAs and associated KPIs to be incorporated in the scorecard of the Performance Plan is a joint process between the employee and his/her manager. The dual identification of KPAs and KPIs are required to ensure alignment between organizational and employee performance management. Each employee's KPAs and KPIs must reflect critical organizational targets that fall within their manager's span of control and responsibility. Each

employee must assume responsibility for those organizational KPAs and KPIs which fall within his/her span of control.

Once identified, it is the responsibility of each employee to draft his/her initial scorecard. This responsibility is assigned to each employee to ensure that they feel empowered by the Performance Management System as they are in control of their own performance plan and expectations. Employees will therefore buy into, agree with and understand the content of the Performance Plan. To be effective Performance Plans must be simple and manageable.

KPAs of an employee should be categorized from most to least important, based on those that have the most strategic importance in each year's annual performance cycle. Those KPAs that are most critical from a strategic perspective must be singled out. Of all the KPAs on the scorecard only between two and four should be seen as strategically important and should be identified as such. Higher weightings should be assigned to these.

KPAs must thus be prioritized from most to least important with the highest weighting allocated to the most important KPAs. During the allocation of weighting the sum of all KPAs with associated KPIs on each individual Performance Scorecard must be 100 points. It is recommended that the minimum weighting per KPA be 10 and the maximum 50. The purpose of the weighting is to show employees what the key focus areas are in the work that they must complete.

To ensure that KPAs and KPIs result in a clear understanding of what is required of each employee, the scorecard included in the Performance plan must provide information related to the following:

- ✓ Specify how much work must be completed within a certain period of time
- ✓ Describe how well the work must be done, specifying the accuracy, precision, appearance or effectiveness of the work
- ✓ Determine by when or within what period the work is to be completed
- ✓ Address the outcome (direct, intermediate, ultimate) to be obtained
- ✓ Describe the requirements, policy, procedure or rule for accomplishing the work

To achieve the above, it is recommended that KPIs be formulated according to the SMART Principles:

- Specific:** Must be stated clearly and unambiguously
- Measurable:** Must be quantifiable and measurable
Must specify a standard of output required
Must be valid and reliable and measure what is intended to be measured
- Achievable:** Should be challenging but realistic so as to motivate an employee
Shall be simple and easy to communicate to the relevant employee
- Relevant:** Should be aligned to the overall goals and objectives of the Municipality and the Directorate/Department
Should reflect the employee's position, the responsibility attached to the position and the extent of their experience
- Timeous:** Must be linked to time frames

Every employee should know what exactly constitutes a 100% (fully effective) performance, clearly specifying quantifiable measures. In order to measure performance, it is important that baselines be allocated to KPAs and KPIs in the scorecard. Baselines are previous measurements of achievements against KPAs or KPIs and provide an opportunity to track whether employee performance has improved over time. Whereas the baseline could be the first measure that was taken of the KPA or KPI, the employee and manager could agree on a different measure if the initial measure was found to be less effective than intended.

Measurement of performance also requires the setting of targets that indicate the standard which each KPI must comply with. The target date stipulates the time frame in which the KPI must be achieved. Targets may be derived from baselines and should be informed by long-term and annual business plans. The various performance targets and standards agreed upon should be made clear.

During the year evidence must be collected as proof of employee performance. Such evidence should be collected and presented in the form of a Portfolio of Evidence (PoE). This PoE is required to ensure fair review of employee performance and eliminate allegations of management bias. Evidence to be submitted is agreed upon at the same time that the KPAs, KPIs and targets are set.

In the case of the Municipal Manager and Managers directly accountable to the Municipal Manager, evidence should be confirmed by an independent third party. In terms of other employees, a set of standards must be compiled, that submitted evidence should comply with.

Such standards may include that evidence:

- ✓ Unambiguously reflects the achievement/non-achievement of a KPI
- ✓ Clearly reflects the facts
- ✓ Be concise and to the point

In terms of the CCRs, it should make up 20% of the total score in the case of the Municipal Manager and Managers directly accountable to the Municipal Manager, or 30%/40% of other employee scores. CCRs that are deemed to be most critical for the employee's specific job should be selected and agreed upon between the employee and his/her manager. Selected CCRs must be chosen with due regard to the proficiency level of each employee including whether the employee is living the values of the Municipality.

Below is a table indicating the Core Competency Requirements for the Municipal Manager and Managers directly accountable to the Municipal Manager. The weightings allocated to each competency will be specified in the individual's Performance Agreement. The table below indicates the three competencies considered to be compulsory for the Municipal Manager.

Table 4: Core Competency Requirements for the Municipal Manager and Managers directly accountable to the Municipal Manager

| Core competency requirements for Municipal Manager and Managers Directly Accountable to the Municipal Manager | | |
|---|-----------------|--------|
| Core Managerial and Occupational Competencies: | Indicate Choice | Weight |
| Core Managerial Competencies: | | |
| Strategic Capabilities and Leadership | | |
| Programme and Project Management | | |
| Financial Management | Compulsory | |
| Change Management | | |
| Knowledge Management | | |
| Service Delivery Innovation | | |
| Problem Solving and Analysis | | |
| People Management and Empowerment | Compulsory | |

| | | |
|--|------------|------|
| Client Orientation and Customer Focus | Compulsory | |
| Communication | | |
| Living the Values of the Municipality | | |
| Core Occupational Competencies: | | |
| Competence in Self -Management | | |
| Interpretation of and implementation within the legislative and national policy frameworks | | |
| Knowledge of developmental local government | | |
| Knowledge of Performance Management and Reporting | | |
| Knowledge of global and South African specific political, social and economic contexts | | |
| Competence in policy conceptualisation, analysis and implementation | | |
| Knowledge of more than one functional municipal field/ discipline | | |
| Skills in mediation | | |
| Skills in Governance | | |
| Competence as required by other national line sector departments | | |
| Exceptional and dynamic creativity to improve the functioning of the municipality | | |
| Total | | 100% |

According to the SALGA Performance Management Policy and Procedure three competencies are of particular importance and should be included in the Performance Plan of every employee. These are:

- ✓ Customer service
- ✓ Service delivery
- ✓ Teamwork competencies

Once the scorecard is completed, the manager and employee should sign off the Performance Plan, inclusive of the Performance Scorecard. This signing signifies an understanding of the performance expectations and an agreement of the work to be done towards the achievement of performance expectations. Only signed off performance agreements/plans may be assessed. In term of the finalization of Performance Plans, the final alignment of the process for employees other than the Municipal Manager and Managers directly accountable to the Municipal Manager should be the end of July.

29. PERSONAL DEVELOPMENT PLANS

Regulation 805 of 2006 clearly indicates that a Personal Development Plan must be developed for the Municipal Manager and Managers directly accountable to the Municipal Manager and must serve as an Annexure to the annual Performance Agreement. In line with this requirement and to ensure alignment within the Employee Performance Management System, a Personal Development Plan must also be developed for each employee in the employment of the Municipality and be attached to the Performance Plan of each employee.

The Skills Development Act, No 97 of 1998 requires of each employer to submit the Annual Workplace Skills plan (WSP). This necessitates the development of employee personal development plans to identify and address developmental gaps. The identification of outcome-based competencies that must be implemented to complement IDP implementation should guide the individuals to determine specific training or skills needed for effective project implementation. These skills should be catered for via formal and informal training, coaching and mentoring. Identified training and development areas must comply with skills identified in the skills audit conducted, and aligned to the areas of training and development required by each individual employee. Personal Development Plans are to be submitted for incorporation into the Skills Development Plan of the Municipality to be submitted to the Department of Labour.

Individual learning plans will systematize the Municipality's approach to training and development by ensuring that all employees' training is carefully planned. In addition to the above, Personal Development Plans should be used to:

- ✓ Provide a structure for assessing the skill needs of employees against organizational Priorities
- ✓ Assist managers and employees at all Municipal levels to identify competencies needed for current positions
- ✓ Help employees to plan and achieve their career goals
- ✓ Increase motivation of employees and their commitment to the organization

An example of a Personal Development Plan is provided.

Table 5: Personal Development Plan

| Personal Development Plan | | | | | | | | |
|---------------------------|-------------------------|--|------------------|-------------------------|-----------------------------|--|---|---|
| Employee Name: | | | | Employee Number: | | | | |
| Job Title: | | | | Directorate/Department: | | | | |
| Manager: | | | | Date (Financial Year): | | | | |
| Skills Gap | Skills Outcome Expected | Suggested Development/ Training Activities | Mode of Delivery | Suggested Time Frames | Opportunity for Application | Feedback on Outcomes achieved and Date | End of Period Sign off of Review and Assessment | Further Development activities required |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| Employee Signature: | | | | Manager Signature: | | | Date: | |
| To Personal File: | | | | To HR: | | | | |

Personal Development Plans must be completed at the commencement of the new financial year and submitted for sign off with the Performance Agreement/Performance Plans. All Development Plans will be formulated and finalized with the guidance and assistance of the Human Resource Department to ensure that all training and development activities are aligned and supportive of the Workplace Skills Plan.

30. MID-YEAR REVIEW

The adjustment process focuses specifically on the review of the Annual Budget and SDBIP. The adjustment takes place after the mid-year review and approval of adjustments by Council. Once adjusted, the Performance Plans of the Municipal Manager, Managers accountable to the Municipal Manager and all other employees should be reviewed and adapted according to the KPA and KPI changes made to the SDBIP and budget. This adjustment is required to ensure that employee Performance Plans remain aligned with the objectives and targets set for the Municipality.

Any amendments must be reflected on the amended Performance Plan. Employees will be assessed during the fourth quarter on the amended Plan. Records of the amended scorecards must be signed off and saved centrally.

31. PERFORMANCE MONITORING AND ASSESSMENT

Monitoring is the key to any successful Performance Management System because it provides information that can be compared to initial targets so as to determine the current performance state. Monitoring on a regular basis helps to ensure that the goals and targets set in the planning phase are pursued. Monitoring takes place throughout the year and implies consistently measuring performance and providing on-going feedback to employees on their progress toward reaching their targets. This implies that data on performance outputs is to be gathered and assessed to determine current performance and areas of excellence/improvement required.

32. DATA MANAGEMENT AND PORTFOLIO OF EVIDENCE DEVELOPMENT

The purpose of data management within the monitoring phase is to manage and supply data to be used during the assessment process of an employee's performance. Relevant data must be stored in such a way that it is secure but also easily retrievable. When collecting data, the following should be taken into consideration:

- ✓ Determine the data to be collected for each performance element, the source of the data and whether to collect all the data or just a sample (already clearly defined in the Performance Plan of each employee);
- ✓ Determine when to collect the data (frequency); and
- ✓ Review existing data and create feedback tables/graphs where necessary or applicable.

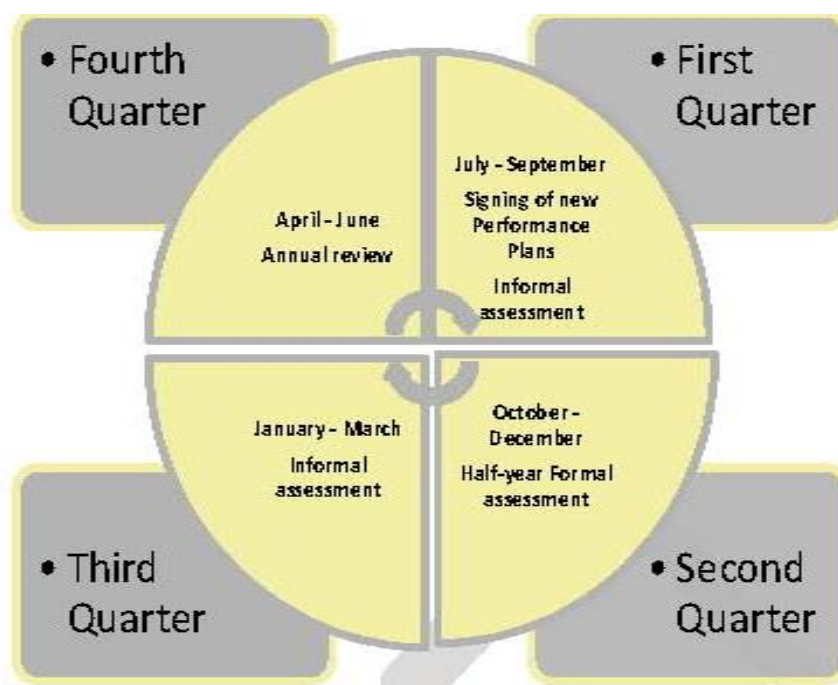
Data stored for future retrieval and use should include financial data, project data, process data and human resource data. All data should ultimately be presented in an integrated form to provide proof of employee performance. A Portfolio of Evidence (PoE) per employee should be compiled, based on available data to indicate the performance of that employee against set indicators or measurable activities. PoE's should be validated to ensure its accuracy. The PoE's of the

Municipal Manager and Managers directly accountable to the Municipal Manager and all other employees PoE's should be validated by Internal Audit.

33. SCHEDULE PERFORMANCE ASSESSMENTS

According to Section 28 of Regulation 805 the performance of employees must be reviewed during specific periods, with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory. The performance assessments conducted during the second and fourth quarters should be formal. The following diagram provides a summary of performance schedules within the City of Polokwane:

Figure 2: Performance Schedules



The second quarter formal assessment will be conducted to assess the relevance of the objectives as well as the employee's performance against the objectives and KPAs. The second-quarter performance score shall be used accumulatively to determine the link to financial and non-financial rewards at the end of the financial year. A formal final review shall be conducted after the end of the financial year. The performance scores of both formal assessments will be used to determine the link to rewards.

Assessments in the first and third quarter may be verbal if the performance is satisfactory. Records must be kept of the mid-year and annual assessment meetings. Such records may be used:

- ✓ To refer to agreed action plans
- ✓ In the management of poor performance process
- ✓ For easy reference in respect to changes/amendments to Performance Plans

34. PERFORMANCE ASSESSMENTS

Assessment is the measurement of data through a scoring process to determine if targets were met. Performance is assessed against the achievement or non-achievement of targets. Assessment involves assessing whether targets and standards have been met. Performance assessment must give a true reflection of the achievement of results as outlined in the Performance Plan.

Based on the contracted standards of performance and relative weightings, performance assessment entails:

- ✓ A description of the contracted standards and an agreement on actual results achieved
- ✓ Rating of performance and allocation of values, e.g. points
- ✓ Agreement on the weighted scores achieved
- ✓ Acceptance of assessment and signature
- ✓ Agreement on appropriate reward recognition or the remedial process required to achieve targets

Performance assessment is done against the KPAs and CCRs in terms of the extent to which the employee displays the desired results as indicated in his/her Performance Plan. At the assessment KPAs and CCRS are rated by means of 5-point rating scale, encompassing the following:

Table 6: Rating Indications

| Rating | Description | % Score |
|--------|---|-----------|
| 1 | Unacceptable performance where performance does not meet the standard expected for the job | 0 – 66 |
| 2 | Performance not fully effective and below standard as required for key areas of the job | 67 – 99 |
| 3 | Fully effective performance where performance meets the standards expected in all areas of the job | 100 – 132 |
| 4 | Performance significantly above expectation and higher than the standard expected in the job | 133 – 166 |
| 5 | Outstanding performance where performance far exceeds the standard expected of an employee at that specific level | 167 |

For the purposes of assessing the performance of the Municipal Manager and Managers directly accountable to the Municipal Manager an assessment process is to be implemented. An Assessment/Evaluation Panel consisting of the following people should assess the performance of the Municipal Manager:

- ✓ Executive Mayor
- ✓ Chairperson of the Audit Committee
- ✓ Member of the Mayoral or Executive Committee
- ✓ Mayor and/or Municipal Manager from another Municipality
- ✓ Ward Committee Member

For the purposes of assessing the performance of the Managers directly accountable to the Municipal Manager, an Assessment/Evaluation Panel consisting of the following people must be established:

- ✓ Municipal Manager
- ✓ Chairperson of the Audit Committee
- ✓ Member of the Mayoral or Executive Committee
- ✓ Municipal Manager from another Municipality

In terms of Regulation 805 of 2006 these Assessment/Evaluation Panels will evaluate the annual performance of the Municipal Manager and Managers directly accountable to the Municipal Manager and determine the annual performance bonus or remedial action required. The performance bonus percentage will be calculated on a sliding scale described under the Reward and Incentives Section of this Policy.

For incumbents in any other managerial/supervisory level, the 360° assessment process should be applied. An assessment panel existing of the manager of the incumbent, peer and sub-ordinate should be established.

When setting up the assessment meeting, both manager and employee must agree on the date and time of the meeting. In preparation for the meeting the employee and manager must conduct the following:

- ✓ Collect evidence on progress to date against each KPI and associated targets
- ✓ Decide independently if KPIs were achieved and if performance is on target
- ✓ Use the five-point rating scale to assess outputs
- ✓ Obtain feedback on the extent to which the employee displayed CCR allocated in his/her Performance Plan

During the assessment meeting the moderator/manager and employee should discuss the preliminary ratings assigned to each KPA, respective KPI and CCR. A consultative process should be followed during this discussion to provide the employee with the opportunity to influence or understand given ratings. Any evidence to substantiate ratings should be provided. This evidence should form the basis of the agreed final rating. An assessment rating process and calculation of scores using the applicable assessment weighting/rating calculator should be used to arrive at the overall score for the performance of each employee. Final scores will be rounded off on normal principles, e.g. 95.5% will be rounded off to 96 and 95.4% to 95%. The same principle is to be followed in calculating the final audited score.

If, during the assessment meeting it was found that certain areas received an unacceptable or below acceptable score, those areas should be discussed in detail. Additional or alternative plans should be identified and put in place to correct such performance.

In instances where there is a disagreement between ratings, the rating of the manager is final. An employee can lodge a grievance with Human Resources in instances where agreement on ratings could not be reached.

In any performance management process deviations will occur. Such deviations may be as a result of an employee unable to achieve a particular KPA/KPI due to reasons outside his/her control. Such deviations must be submitted to the manager of the employee clearly stating the KPA/KPI affected and an explanation along with supported evidence for non-achievement. If the manager agrees with the deviation, the KPI will not be rated. The manager and employee must identify action plans to be implemented by the employee over the performance year in attempting to achieve the affected KPA/KPI.

A principle decision must be taken on the weightings of the two formal assessment scores. Two options are available:

- ✓ The first is that the first assessment score (after the second quarter) contributes 40% towards the final score and the final assessment score 60% (after the fourth quarter). This will provide an incumbent with an opportunity to improve performance and be credited for it.
- ✓ The second option is that the combined scores achieved during formal assessments are to be calculated separately and the average thereof will determine the annual performance score of an employee.

35. REPORTING AND COACHING

Reports on findings are to be compiled and submitted to the Performance Audit and Remuneration Committee. Based on findings a process of coaching/training is to be implemented to improve performance in instances where ratings were below standard.

- **Reporting**

Once the assessment process is concluded a report on the findings for each employee is to be compiled. Reports should be compiled on the performance assessments, scores allocated and

final ratings. This is required so as to ensure that the Municipality keeps record of all performance assessments. This information is to be used:

- ✓ To manage poor performance
- ✓ As an easy reference in terms of any suggested changes for follow-up performance assessments

After conducting the performance assessments for respective managers, the moderator prepares a summary report detailing the results of the reviews. The manager responsible for Human Resources of the Municipality must provide secretariat services to the Assessment/Evaluation panels. The report on performance of the Municipal Manager and Managers directly accountable to the Municipal Manager should be submitted to the Executive Mayor one month after assessment and thereafter to Council to provide feedback on top management performance in relation to Municipal organizational performance achievements.

With relation to other employee's reports should be signed by both the manager and employee and a copy thereof submitted to the Human Resource Department to keep on file.

- **Moderating the Assessment Process**

In terms of employees other than the Municipal Manager and Managers directly accountable to the Municipal Manager, the Head of Department assesses the results of all the performance reviews conducted in his/her Department and considers the following:

- ✓ Are the performance scores given by a certain manager all high or all low? Are the objectives too easy/difficult or are the performance indicators too vague, thus allowing for subjective measures?
- ✓ If a manager is scoring his/her employees high, then it should follow that he/she has achieved his/her objectives. It does not make sense for a manager not to achieve his/her objectives when his/her employees have all achieved theirs. This is an indication that something has gone wrong in the planning or monitoring phase of the performance management process.

- ✓ A comparison on achievements between the different departments can be drawn to ensure all are assessed in line with organizational achievements.

A final report is compiled on Departmental assessments and submitted to Human Resources. In events where discrepancies were identified, corrective measures should be proposed and implemented through consultation with respective parties.

- **Coaching and Training**

Regular interaction, guidance and possible coaching/mentoring in certain instances are imperative and form part of an employee support strategy. Based on the findings of the assessment process the manager of an employee should identify areas of improvement and set up coaching/mentoring and/or training sessions to improve unacceptable or below acceptable performance. Coaching/mentoring can be used to change behavior or actions so as to ensure that targets are achieved against set standards. Coaching/mentoring may be conducted to help the employee to meet or exceed the standards of expected performance. Coaching/mentoring is a crucial part of the continuous tracking and improving of performance. Coaching/mentoring provides guidance and reinforcement of the key results and competencies expected of an employee. All discussions held within the coaching sessions should be documented and signed off by all parties involved.

In terms of training, the development of new knowledge and skills may be required to improve the performance of an employee. The Municipality is committed to ensuring that employees will grow and develop. Whereas line managers are ultimately accountable for ensuring the implementation of training and development initiatives, employees must assume accountability for driving their own development together with their managers. Managers should ensure that training needs identified during the assessment are in line with areas identified in the Personal Development Plan of an employee.

In addition to formal training, employees should be encouraged to use other developmental activities to improve skills and knowledge in areas of under-performance. Such activities may include on-the-job training, mentoring, reading, self-study, secondments and involvements in specific projects.

How well a Municipality operates is based upon the performance of its employees; the better the performance of employees the more success the Municipality will obtain in achieving its strategic goals and objectives. Continuous development of employees will create an environment in which individuals, who are already performing well, will improve their performance and become more effective and efficient. The main purpose of improving good performance is to ensure growth of employees within the Municipal environment.

For this reason, it is also necessary to provide coaching and development opportunities to employees who perform well, so as to keep employees constantly evolving to meet the ever increasing organizational needs. This includes teaching new skills and implementing new procedures to improve the work process. It also means assigning new responsibilities to employees who appear to have outgrown their current duties.

36. MANAGE POOR PERFORMANCE

If it was found during the assessment that the performance was unacceptable and that targets agreed on in the performance agreement were not met, the employer should provide systematic remedial or developmental support to assist the employee to improve his/her performance. Managing poor performance should be a continuous process starting with the Performance Plan and following through to the performance reviews.

The fact that an employee's work does not comply with the performance standards attached to the identified work, does not necessarily mean that the employee refuses to comply with the performance standards. Poor work performance is not the same as misconduct — it does not mean that the employee concerned refuses to comply with the performance standard. Usually, poor work performance is related to the fact that, for whatever reason, an employee cannot perform his or her work to the expected standard.

The improvement of under-performance is the most important focus of the Performance Management Process. In order to do this, it is important that the causal and contributory reasons for poor performance are analyzed. Poor performance may arise out of one or more of the following:

- ✓ Inappropriate organizational structure
- ✓ Lack of skills and capacity
- ✓ Absence of appropriate strategy

Poor performance must be dealt with through the following principles:

- ✓ Standards for achievement are known and communicated with the respective employee
- ✓ Assisting the individual in the form of training guidance; etc. required to render the satisfactory service, together with fair opportunity to improve
- ✓ Where poor performance persists, give notice to the employee to attend a meeting with management where the employee will be provided with the opportunity to satisfy management of the measures being taken to improve performance
- ✓ Where there is a dispute or difference as to the performance of an employee under the signed Performance Plan, parties will confer with a view to resolve the dispute or indifference

Cases of persistent poor performance identified during assessments must be managed in accordance with the requirements of the Labour Relations Act, No 66 of 1995.

With regard to the management of unacceptable performance of the Municipal Manager and Managers directly accountable to the Municipal Manager Regulation 805 states that the employer shall:

- ✓ Provide systematic remedial or developmental support to assist the individual to improve his or her performance
- ✓ If performance does not improve after appropriate performance counseling, the necessary guidance and support and reasonable time has been allowed for improvement, the Employer may consider steps to terminate the contract of employment of the individual on grounds of incapacity to carry out his/her duties.

37. EVALUATION AND REWARD

During the evaluation phase questions should be asked whether processes followed were fair and objective. Within this phase the evaluation conducted is of a summative nature and relates

to the analysis of performance data: to examine the ratings based on provided evidence and features. The evaluation process does not encompass the actual assessment as this has already taken place. It rather reviews and extracts learning from the completion of the assessment process, to determine the progress made or obstacles experienced in achieving employee performance management.

Final results will be audited and approved by the Performance Audit and Remuneration Committee.

- **Rewards and Incentives**

However, before an evaluation can be conducted as to the validity and objectivity of the process, rewards and incentives for performance should be established. During the assessment process various Assessment/Evaluation panels and/or respective managers can make recommendations on rewards or incentives to be given to employees that perform above the required standard.

The Performance Audit and Remuneration Committee must evaluate such proposals and make recommendations to be approved. In the case of the Municipal Manager and Managers directly accountable to the Municipal Manager, Council will provide the final approval.

- **Financial Rewards**

In terms of a performance bonus, Section 32 of Regulation 805 states that a performance bonus for the Municipal Manager and Managers directly accountable to the Municipal Manager ranges from 5% to 14% of the all-inclusive remuneration package to be paid in recognition of outstanding performance.

The percentage of bonus to be paid out should be determined on the overall rating, calculated by using the assessment-rating calculator. The sliding scale to determine such performance bonuses is given below:

Table 7: Assessment Bonus Sliding Scale

| % Rating Over | % Bonus |
|----------------------|----------------|
| Performance | |
| 130 - 133.8 | 5% |
| 133.9 – 137.6 | 6% |
| 137.7 – 141.4 | 7% |
| 141.5 - 145.2 | 8% |
| 145.3 – 149 | 9% |
| 150 – 153.4 | 10% |
| 153.5 – 156.8 | 11% |
| 156.9 – 160.2 | 12% |
| 160.2 – 163.6 | 13% |
| 163.7 – 167 | 14% |

In terms of other employees, the employees receive the thirteenth (13th) cheque. Any bonus to be paid out for outstanding performance will be in addition to the current thirteenth cheque. The City of Polokwane may reward incentives to employees through:

- ✓ Any non-monetary reward
- ✓ A non-pensionable cash award

The objectives of an incentive scheme are to:

- ✓ Introduce an objective and fair Organizational and Employee Performance Management System that would be useful to ensure that the Municipality's services are results-oriented
- ✓ Instill and sustain a performance culture and to encourage employees to live the values of the Municipality
- ✓ Promote and establish a work contract between employee and manager
- ✓ Remedy poor performance and reward good performance

In order to encourage permanent employees to perform well, it is recommended that some form of financial reward system be introduced. It is important to note that a performance reward scheme does not currently form part of the conditions of employment for employees. If implemented it will

be operative at the discretion of the Municipality, and the Municipality reserves the right to amend or withdraw the scheme at any stage.

A variety of options are available for consideration. For example

✓ **Option 1: Providing an Additional Percentage of the Employee's Package as Performance Bonus**

In this instance the employee will receive a performance bonus of the same as suggested for contractual employees of the cost-to-company package of the employee - based on its affordability to the Municipality.

✓ **Option 2: Provide a Bonus based on Performance Achieved**

The performance bonus percentages will be calculated on a sliding scale as follows, which is calculated on the equivalent to one month's salary of the person - based on its affordability to the Municipality:

Table 8: Option 2: Bonus Award

| Final Score | Reward |
|-------------|--------|
| 167 – 150 | 80% |
| 133 – 149 | 70% |

• **Non-Financial Rewards**

In instances where finances are not available to award employees financially for outstanding performance, the Municipality may introduce a non-financial reward scheme. Non-financial rewards will:

- ✓ Be provided based on exceeding and outstanding employee performance
- ✓ Aim to recognize and motivate performance beyond the requirements of the employee's job

- ✓ Be awarded throughout the financial year at the discretion of managers as close to the instance of exceptional performance as possible

Non-financial rewards may be informal or formal. Informal non-financial rewards are spontaneous, not cost rewards aimed at recognizing a piece of work. Formal non-financial rewards represent formal recognition of a specific achievement. Examples of such rewards are provided below:

Table 9: Non-Financial Reward Opportunities

| Formal Non-Financial Rewards | Informal Non-Financial Rewards |
|--|--|
| <ul style="list-style-type: none"> ✓ Employee is granted between 1-3 days extra leave ✓ Able to attend conferences relevant to the work that cost between 1-3 days leave for that employee ✓ Providing the employee with a work tool that will enhance his/her performance on condition that the tool does not cost more than 1-3 days of leave for that employee ✓ A branded gift such as a pen ✓ Clothing Voucher ✓ Ticket to an event ✓ Sabbatical leave not exceeding 1-3 days of leave | <ul style="list-style-type: none"> ✓ Physical gestures ✓ Verbal praise ✓ Letter of commendation ✓ Offering mentoring or coaching ✓ Allowing the employee to attend meetings not usually attended by the person ✓ Increased responsibility ✓ Choice of assignments ✓ Opportunity for special training ✓ Time off after working long hours ✓ Trophy ✓ Certificate |

All formal non-financial rewards must be signed off by a member of the Executive Management Team. The Performance Audit and Remuneration Committee will review all formal non-financial rewards awarded within the Municipality on a half-year basis and provide feedback to the Executive Management Team on the way in which the process is managed. The Executive Mayor's Excellence Awards are to be championed by the Executive Mayor with support by the Executive Management Team.

38. APPEALS AND DISPUTES

Should Individuals not agree with the contents of their performance agreement after the Performance Planning discussion or with the final scores being allocated to them after the assessment sessions, they may elect to follow the approved Municipality's grievance procedure.

Any dispute about the outcome of the employee's performance assessment must be mediated by:

- ✓ In the case of the Municipal Manager, the MEC for Local Government in the Province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC.
- ✓ In the case of Managers directly accountable to the Municipal Manager, a member of the Municipal Council, provided that such member was not part of the Assessment/Evaluation panel provided for in sub-regulation 27(4)(e), within thirty (30) days of receipt of a formal dispute from the employee; whose decision shall be final and binding on both parties.
- ✓ In the case of the next management level, the employee may meet with the Municipal Manager, and if so chosen a representative of Human Resources and the Labour Union with a view to resolve the issue. The discussion and outcome thereof is to be recorded. The decision is to be made within thirty (30) days of the issue being raised, or as soon thereafter as possible, and will be final.
- ✓ In the case of other employees the next level of management together with a Human Resources and Labour Union representative, provided that such members were not part of the assessment, within thirty (30) days of receipt of a formal dispute from the employee; whose decision shall be final and binding on all parties.

39. EXIT/TERMINATION/CANCELLATION CLAUSE

Relating specifically to the Municipal Manager and Managers directly accountable to the Municipal Manager, there are many reasons which may give rise to termination/cancellation of employment contracts.

The employment contract may be terminated:

- ✓ Automatically on expiry of the term referred to in the contract, subject to any extension or renewal
- ✓ At the employee's initiative if the employee gives the employer two (2) months' notice of termination in writing
- ✓ At the employer's initiative if the employer terminates the employee's appointment for reasons relating to misconduct, serious persistent breach of provisions of his/her contract, incapacity, being absent from employment without approval for a period exceeding thirty (30) days, unacceptable performance of the operational requirements of the Municipality or for any other reason recognized by law as sufficient, one calendar months' notice of termination in writing.

The termination/cancellation of contracts of employment may be classified under two categories:

- ✓ Blameworthiness of the contracted employee – In this case the incumbent shall forfeit the balance of his/her term of office as a penalty
- ✓ Non-blameworthiness of the contracted employee – In this case the incumbent shall have his/her contracted term fully paid out as a separation package

In both instances the above clause must be incorporated into the original employee contract of an incumbent.

40. THE PERFORMANCE AUDIT AND REMUNERATION COMMITTEE EVALUATION

The Performance Audit and Remuneration Committee fulfill an oversight role in terms of employee performance management within the Municipality. The establishment of such a body is required in terms of Section 45 of the MSA whereby the Municipality is required to implement mechanisms, systems and processes for auditing the results of performance measurements as part of the internal auditing process. In the City of Polokwane this function is fulfilled by the Audit Committee (See Performance Management Framework, Section B). It is recommended that the Performance Audit and Remuneration Committee be established to consider the primary role on remuneration for PMS.

The results of the formal year-end review are to be audited to ensure that all evidence is authorized and relevant, and to make recommendations on the improvement of the system. The

audit is conducted internally by the Performance Audit and Remuneration Committee. An external auditor may be appointed to verify results with the provision that skills transfer is done with a view to enhance internal capacity building in the case of members sitting on this Committee.

41. TIMING OF APPLICATION

The policy document is applicable to all employees in the City of Polokwane. However, given the complexities and challenges associated with the implementation of this policy, specifically related to change management within the Municipality, it is recommended that the policy only be initially rolled out up to level 3 employees in a phase approach. The anticipated first phase of the implementation, which will be for the Level 1 employees (SBU Managers) will be the 2020/21 financial year. It must be noted that section 67 of the Local Government: Municipal Systems Act requires municipalities to develop mechanism to monitor performance of all staff, however it went further to state that subject to the applicable collective agreement. The interpretation of section 67 means that there must be a collective agreement signed by all employee representative parties to the cascading of performance below the senior managers. Polokwane Municipality will have to satisfy all the requirements of the section 67 provisions when it implements the first phase of cascading.

After successful implementation of employee performance management up to level 3, it is envisaged that the system will be rolled out in a staggered approach over a period of time to all other employees:

- ✓ Levels 4-7
- ✓ Levels 8-12
- ✓ Levels 13-20

The Municipality will thus have to introduce an electronic PMS system to manage this process successfully. This staggering is proposed so as to ensure sufficient time and resources are available to train and coach managers/supervisors to effectively implement the performance management process. It will also provide for sufficient time and resources to monitor, manage, evaluate and where applicable, adapt the system. More detail on this cascading is provided in the change management plan of the Municipality.

The successful implementation of the Employee Performance Management System is determined by the following:

- ✓ A strong link between organizational and employee performance
- ✓ Employee performance measures that correspond with organizational strategy
- ✓ Strong commitment, clear communication and management support on a continuous basis
- ✓ Sufficient funding to be allocated in the budget of the Municipality
- ✓ High involvement and participation of employees and all relevant stakeholders

42. PRINCIPLES OF GOOD ASSESSMENT

The following principles should apply to ensure successful assessment:

- ✓ Create a supportive environment by stating clearly the purpose of the discussion
- ✓ Discuss key areas of responsibility and give examples of specific results – allow the employee first input, based on the self-appraisal
- ✓ Discuss what could have been done better; identify concerns and listen to the employee's explanations
- ✓ Ask the employee for help in resolving problems; focus on future performance and be sure the employee takes responsibility for improvement
- ✓ Make sure that the employee has an understanding of future expectations regarding performance
- ✓ Give positive recognition for performance that reinforces the strategic goals (ultimate outcomes) and objectives (intermediate outcomes) of the Municipality
- ✓ Discuss the employee's interests and potential new responsibilities and roles in achieving new objectives while maintaining on-going responsibilities
- ✓ Conclude on a positive note, emphasizing the benefits of the dialogue